

ROLE OF ALLIED SECTOR IN RURAL DEVELOPMENT

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Agriculture and allied sector play a vital and critical role in a developing economy like India by reducing poverty, unemployment & inequality, ensuring food security and achieving sustainable development. To improve productivity in agriculture the focus of policies has been on the rational use of inputs like seeds, water, fertilisers and machinery.

Agriculture and allied sector including horticulture, floriculture, sericulture, livestock, bee keeping, forestry & logging, fishery, mining & quarrying etc. play a strategic role in the process of economic development of developing countries like India. During the process of economic development, many structural changes take place in the form of declining share of agriculture & allied sector in national income, output and employment. Indian economy has also witnessed these structural changes particularly after independence. The contribution of primary sector to GDP has steadily declined from 53.71 per cent in 1951 to 17.46 per cent in 2018. However, the declining share of this sector does not undermine its significance in employment generation, foreign exchange earnings and providing food security to the increasing population of the country.

Agriculture is of so much importance in the Indian economy that any positive or negative change in this sector exerts a significant effect on the entire economy. The large scale industries of the country like sugar, tea, jute, textile (cotton, woolen & silk), paper and food processing etc. directly depend upon agriculture and allied sector for the supply of raw material. On the other hand, agriculture also draws inputs like chemical fertilizers, pesticides, power, agricultural machinery (tractors, harvesters, combines, pump sets), tools and implements from industry. This interdependence between agriculture and industry becomes strengthened through the appropriation and generation of various production and demand linkages in these two sectors. Demand for one sector's product pulls demand for another sector in an upward direction, which results in an increase in trade. Thus agriculture, industry and



trade are mutually supporting and complementary to one another.

Production and Growth of Agriculture & Allied Sector:

During the planned era of development, India made a remarkable progress in the production of agriculture and allied sector. Foodgrain production in India went up from 50.8 million tonnes in 1950-51 to 275.7 million tonnes in 2016-17 reflecting an annual compound growth rate of 2.60 per cent (Fig. 1). Whereas, the production of cereals shot up nearly by six times, the production of pulses went up by less than three times during the period under reference. It is noteworthy, that foodgrain production in the country witnessed a higher annual compound growth rate (2.60%) as compared to total population (2.19%) during the period from 1951 to 2017. As a result of rapid growth in foodgrain production, per capita per day availability of foodgrains in India increased from 395 gms in 1951 to 506 gms in 2017.

The diverse agro climatic conditions in India make it possible to grow almost all types of horticultural products like fresh fruits, vegetables, root and tuber crops, flowers, aromatic and medicinal crops, spices and plantation crops. Vegetables are also an important part of horticulture sector. They constitute about 59% of horticulture production in India. In fact, India has emerged as the second largest fruit and vegetable producer in the world after China. The

country occupies first position in the world in the production of fruits like mango, banana, sapota, pomegranate & aonla and vegetables like peas & okra. The total production of spices during 2015-16 stood at 6.4 m. MT from an area of 3.26 million hectare, as per the data released by Ministry of Agriculture and Farmers Welfare in its annual report for 2016-17.

Nearly 19 per cent of the world's total milk production is contributed by India. Total milk production in the country increased from 17 million tonnes in 1950-51 to 155.5 million tonnes in 2015-16 yielding a growth rate of 3.46 per cent per annum. The production of eggs in India increased from 1832 to 82929 million numbers during 1950-51 to 2015-16. The production of fish also went up by 4.14 per cent per annum since 1950-51, having gone up from 0.752 million tonnes to 10.80 million tonnes in 2015-16. Thus, the major live stock products e.g. milk, egg and fish recorded an average annual growth rate of 4.55 per cent during 1950-51 to 2015-16.

Role of Agriculture & Allied Sector:

Agriculture & Allied Sector play a vital role in Indian economy. The real gross value added (RGVA) at constant prices by primary sector (including agriculture, forestry, fishing, mining & quarrying) which was to the tune of Rs. 150191 in 1950-51, went up to Rs. 2026660 in 2016-17 registering ACGR of 4.2 per cent. The importance of agriculture and allied sector is brought out by the fact that as per Census 2011, of the 313 million main workers in the country,

166 million (56.6%) were engaged in these activities. Presently, India is not only self-sufficient in food grains but also exports agricultural commodities. It's export of agricultural & allied products (such as rice, pulses, fruits, vegetables, tea, coffee, tobacco, spices, sugar & molasses, cashew, raw cotton, fish, meat and processed food etc.) which

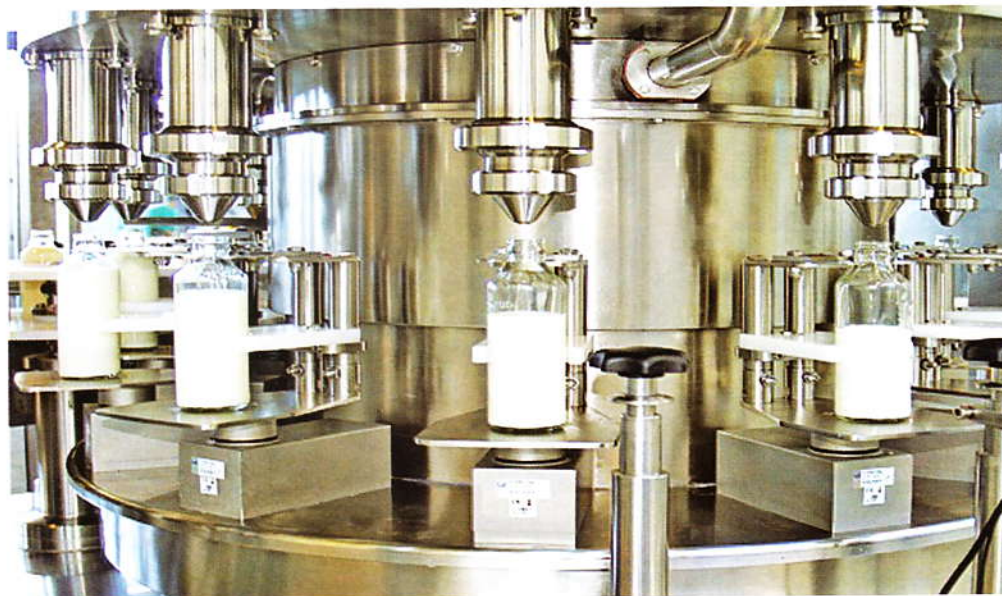


Figure 1: Trends in Agriculture Production in India (Output in MT)

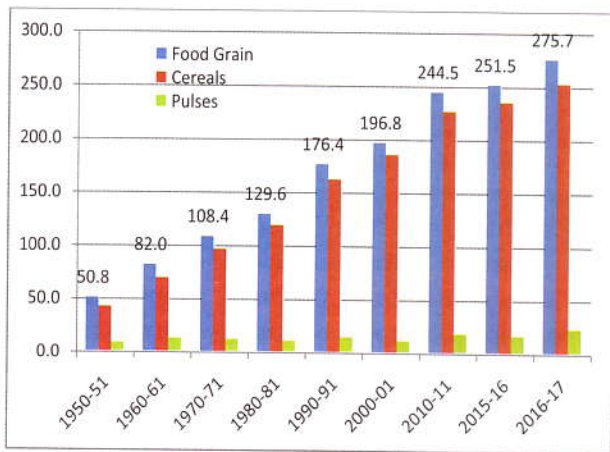
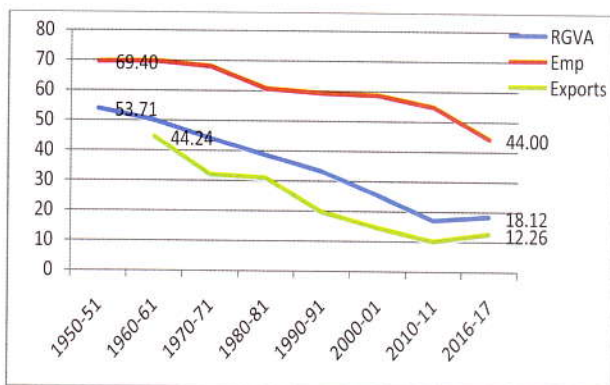


Figure 2: Share of Agriculture & Allied Sector in GVA, Employment and Exports (%)



were worth Rs. 284 crores in 1960-61, up surged to Rs. 226775 crores in 2016-17 reflecting a high ACGR of 12.67 per cent. India is among the 15 leading exporters of agricultural products in the world. In this arduous journey of the progress of Indian agriculture & allied sector, we braced multi-pronged strategies and technologies such as green revolution, white revolution, blue revolution, yellow revolution, pink revolution, silver revolution, golden revolution, red revolution, round revolution and now poised for rainbow revolution and ultimately to evergreen revolution.

Structural Changes:

As the Indian economy diversified and grew up, over a period of time, the contribution of agriculture & allied sector to real gross value added (GVA) steadily declined from 53.71 per cent 1950-51 to 18.12 per cent in 2016-17 (Fig. 2). Despite a fall in its share in employment, agriculture and allied sector

still remains the country's major source of livelihood for nearly half of the population.

Government Schemes:

Realising the importance of agriculture & allied sector in the economy of the country, Government of India has taken several steps & measures for its sustainable development. Steps have been taken to improve soil fertility on a sustainable basis through the *Soil Health Card Scheme* launched by the Government of India in February 2015. Under this scheme, samples of soil are taken and tested in the labs to assess the health of soil in the form of presence/absence of required micro-nutrients. Thereafter, the experts suggest the farmers the measures to improve productivity of their soil through the judicious use of inputs.

Presently, the net irrigated area in the country is only 68.1 million hectare which is nearly 48% of net sown area. In order to provide improved access to irrigation and enhanced water efficiency, Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was launched on 1st July, 2015 with the motto of *Har Khet Ko Paani*. The scheme aims at the expansion of net irrigated area, reduce wastage of water and improve efficiency in the use of water. It also focuses on creating sources for assured irrigation through rainwater harvesting to ensure "more crop-per drop". The scheme was approved with an outlay of Rs. 50,000 crore for a period of 5 years starting from 2015-16 to 2019-20. In 2018-19 budget, a sum of Rs. 2600 crore has been earmarked to boost ground water irrigation in 96 irrigation deprived districts of the country.

Of late, demand for organically produced food grains, fruits, vegetables and drinks etc. is growing rapidly across the globe. Organic farming relies on the application of fertilizers of organic origin such as compost, vermi-compost, green manure, bio-fertilisers and bio-pesticides. It emphasizes on the techniques of crop rotation and companion planting, mixed cropping and trap crop etc. Indian farmers, with their traditional methods and techniques of farming are poised to encash the immense export potential of organic farming. In order to promote organic farming in the country, a new scheme named Paramparagat Krishi Vikas Yojana (PKVY) was launched in 2015 by the Union Government. Under this scheme, the willing farmers are required to form a group of minimum 50 farmers with total area of



not less than 50 acres. Each farmer enrolling in the scheme is provided a sum Rs. 20,000 (spread over three years) per acre by the government. This fund can be utilized for obtaining agriculture inputs and transporting the produce to the market.

In order to stabilise the income of farmers by protecting them from the natural calamities a scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched in April 2016. Under the scheme, in event of any loss to the notified crop (food crop, commercial/horticultural crop and oil seeds) due to any natural calamity, pest or disease, eligible farmers are paid compensation based on the difference between the threshold and actual yield. The threshold yield is calculated based on the average yield for last seven years. The extent of compensation is set according to the degree of loss to the notified crop. The scheme is compulsory for farmers availing institutional loans but optional to others.

The main focus of the Union Budget for the financial year 2018-19 is on strengthening and reviving the agriculture and allied sector in the rural economy. The Government is keen to double the income of the farmers by the year 2022, through launching new schemes which encompass farm activities from seed to marketing. To achieve this target, institutional credit to the farm sector has been increased to Rs. 11 lakh crore in 2018-19 as compared to 10 lakh crore of previous year. Operation Greens has been launched to address fluctuations in the price of perishable agriculture produce particularly tomato, onion and potato (TOP). It aims at promoting and augmenting food processing in rural area with a budgetary provision of Rs. 500 crore. In order to strengthen the agriculture marketing network, there is the proposal to set up Agri Market Infrastructure Fund with a corpus of Rs. 2000 crore. It aims at upgrading and strengthening of existing 22000 rural

haats into Gramin Agricultural Markets. Extending the facility of Kisan Credit Card to the farmers engaged in fisheries, aquaculture and animal husbandry, a sum of Rs. 10,000 crore have been allocated to develop this sector. The emphasis is given on creation of rural infrastructure by allocating a sum of Rs. 14.34 lakh crore is also laudable. The failure of crops for consecutive years and low prices of agricultural products have forced the farmers to commit suicides and protests in many states. The Union Budget for 2018-19 promises to fix minimum support price for all *kharif* and *rabi* crops to guarantee farmers at least 50 per cent returns of their production cost. This decision would ensure assured prices to the farmers and indeed will be helpful to achieve the target of doubling their income within the stipulated period.

In a nutshell, agriculture and allied sector play a vital and critical role in a developing economy like India by reducing poverty, unemployment & inequality, ensuring food security and achieving sustainable development. To improve productivity in agriculture the focus of policies has been on the rational use of inputs like seeds, water, fertilisers and machinery. The dynamics of agricultural growth in India reflect a reduction in the share of agriculture & allied sector in national income, output, employment and foreign exchange earnings. But, it still remains the single largest employment generating sector and source of livelihood to a large proportion of population.

To improve production and productivity of agriculture, adoption of quality inputs including high yield variety seeds is critical. There is an urgent need to expand the area under irrigation by adopting the appropriate technologies like sprinkler, drip irrigation and rainwater harvesting. The rational & efficient use of fertilizers and pesticides is also essential in order to increase productivity and avoid crop yield losses due to pests & diseases. Access to institutional credit at affordable rate is also desired to purchase expensive agricultural inputs. Further, the importance of timely Government intervention in agriculture marketing can also not be denied. Last but not least, providing timely advisory services to farmers to adopt best farm practices and technology through market information system is also essential.

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